State of California

Employment Training Panel

Training Proposal for:

BAL, a Division of Illinois Tool Works, Inc.

Agreement Type: $75,000 or Less

Agreement Number: ET09-0196

Panel Meeting of: **July 25, 2008**

ETP Regional Office: **San Francisco Bay Area** Analyst: A. Nastari

CONTRACTOR:

- Type of Industry: Manufacturing:
  Priority Industry: ☒ Yes ☐ No
- Contractor's # of Full-Time Employees: 60,000
  - *California:* 1,000
  - *Worldwide:* 60,000
  - Number to be trained: 134
- Manager/Supervisor: 12%
- Turnover Rate: 5.6%
- Repeat Contractor: ☐ Yes ☒ No
- Substantial Contribution: ☐ Yes: ☒ No

CONTRACT:

- Training Project Profile: Priority/Retrainee
- ETP Funding Amount: $74,772
- In Kind Contribution: $80,755
- Average Cost per Trainee: $558
- Post Retention Wage Range: $14.02 to $56.25 for all Job Numbers
- Health Benefits: $5.32 per hour
- Occupations to be Trained: Administration Staff; Graphics Staff; Engineering Staff; Management Staff; Production Staff; Sales Staff

- Training Menu: ☒ Computer ☐ Management ☐ Commercial ☒ Business ☒ Cont. Improvement ☒ Other: Manufacturing
- Advanced Technology: ☒ Yes ☐ No
- Range of Hours: 24 - 60 Weighted Avg: 31
- Multiple Job Numbers: ☐ Yes ☒ No
- County(ies) Served: Santa Clara
- Union Representation: ☐ Yes: ☒ No
- Subcontractor: To Be Determined
- Third Party Services: None

INTRODUCTION

BAL, a Division of Illinois Tool Works (BAL), was founded in 1980 as Bay Area Labels in Santa Clara. BAL is a manufacturer of high quality, custom-printed components. BAL's products consist of panel overlays that assist the user in interfacing with internal components such as a stereo front panel; bar coding labels that provide tracking, inventory control, and product identification; and, on a more complex scale, pressure sensitive membrane switches, such as those found on the front of microwave ovens. BAL is a supplier to medical and high tech companies.

The proposed training plan will allow BAL to move to a high performance workplace by streamlining production processes and expanding its product line in order to remain competitive. Training in lean manufacturing practices will assist in reducing the volume of unnecessary materials and organizing the workplace to create a more efficient flow of the manufacturing line. By streamlining its electronic documentation system, BAL will integrate and store information from throughout its departments, allowing workers the capability to pull up real-time information. The formation of a team environment will expand decision-making and motivation to the frontline workforce.

BAL's highly advanced membrane switches, which consist of "sandwiching" together pressure sensitive conductive layers and panel overlays, requires engineers to obtain the skills necessary to design and develop advanced products, using new and improved materials that withstand a higher level of functionality and wear. Stronger epoxies will increase the durability of the overlay, while new and upgraded software and printing equipment will allow BAL to use various colors for printing multi-use overlays. Manufacturing staff will receive the required skills needed to handle the various materials and implement printing techniques. Sales and marketing staff will be trained on methods of up-selling BAL's products to promote an increase in sales opportunities.

Advanced Technology

BAL is requesting the Advanced Technology (AT) reimbursement rate of $26 per hour for the delivery of its highly technical training for the engineering of its advance membrane switches.

Training is essential for the use of the upgraded engineering software and the sophisticated topics required for the research and development of the company's advanced products which will blend in the use of new materials.

The curriculum is highly technical in nature because the courses involve the use of sophisticated technology, equipment, materials, and software. The identified trainees are required to have an advanced level of knowledge, skills, and competencies to be able to comprehend the sophisticated processes.

The AT courses identified in the curriculum are more expensive to deliver than the less complex, generalized subject matter. The company estimates AT courses cost $150 per trainee per hour on average. Thus, the cost of highly skilled trainers, sophisticated technical equipment and software, and the related training materials are estimated to exceed the $26 per hour ETP rate. BAL has agreed to a maximum of 10 trainees to one trainer for the delivery of the AT skills to allow in-depth coverage and personal attention from the instructor.

RECOMMENDATION

Staff recommends that the Panel approve this proposal and the request to allow AT reimbursement based on BAL's need to provide employees with the skills necessary to transform the company into a lean and technologically advanced organization.